

Message Text

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PAGE 01 STATE 118989
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FM SECSTATE WASHDC
TO AMEMBASSY ADDIS ABABA

C O N F I D E N T I A L STATE 118989

E.O. 11652: GDS

TAGS: EINV, EAID

SUBJECT: COMPENSATION FOR NATIONALIZED FIRMS IN ETHIOPIA

REF: A. LIBREVILLE 1059; B. STATE 085785

1. IN VIEW OPENING PROVIDED BY FINMIN TEFERRA WOLDE-SEMIAT IN REF A, EMBASSY SHOULD APPROACH APPROPRIATE FINMIN AND/OR MOFA OFFICIALS TO RAISE ONCE AGAIN THE CONTINUING FAILURE OF THE ETHIOPIAN GOVERNMENT TO COMPENSATE NATIONALIZED U.S. FIRMS.

2. YOU MAY DRAW ON THE FOLLOWING TALKING POINTS:

-- WE WERE ENCOURAGED BY FINMIN COMMENTS TO ASSISTANT SECRETARY BERGSTEN IN LIBREVILLE MAY 3 WHICH, INTER ALIA, INVITED U.S. FIRMS TO WRITE THE ETHIOPIAN COMPENSATION
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COMMISSION TO SEEK A FIRM DATE FOR A MEETING WHICH COULD THEN BE SCHEDULED IN ADDIS.

-- WE SHALL ADVISE THE U.S. COMPANIES TO DO SO. HOWEVER, AS COMPANIES HAVE ALREADY WRITTEN OFTEN TO ESTABLISH CLAIMS, COULD THE COMPENSATION COMMISSION NOT BEGIN THE PROCESS BY WRITING THE FIRMS OR SOME OF THE FIRMS TO SET

A DATE FOR ACTIVE NEGOTIATIONS?

-- YOU SHOULD STRESS THAT THE AMERICAN FIRMS WOULD UNDOUBTEDLY NOT WANT TO SEND A REPRESENTATIVE ON THE LONG, COSTLY TRIP TO ADDIS UNTIL THE ETHIOPIANS INDICATED THEY WERE READY FOR SERIOUS NEGOTIATIONS ON THEIR CLAIM. THEREFORE, IT WOULD BE MORE EFFECTIVE IF COMPENSATION COMMITTEE INITIATED THIS ROUND OF CORRESPONDENCE.

-- WE MAKE THESE POINTS BECAUSE WE WANT TO AVOID ANY FURTHER PROBLEMS ON EXPROPRIATION/COMPENSATION. AS ASSISTANT SECRETARY BERGSTEN STATED IN LIBREVILLE, WE HAVE BEEN VERY PATIENT IN PURSUING ISSUE. HOWEVER, DUE TO OUR LEGISLATIVE REQUIREMENTS WHICH ARE A FACT OF LIFE FOR US, THERE IS NOW NEED FOR SIGNIFICANT PROGRESS AND PROMPT ACTION OR THE U.S. WILL BE FACED WITH INVOKING THE SANCTIONS IN ITS LAWS.

-- WE HAVE MADE THESE POINTS BEFORE, MOST RECENTLY IN CONNECTION WITH OUR ABSTENTION IN THE VOTE ON THE IDA GRAIN STORAGE LOAN (REF B) (WHEN WE ALSO ASKED FOR INFORMATION ABOUT THE SINGER CASE WHICH WE HAVE NOT YET RECEIVED). WE MAKE THEM AGAIN BECAUSE OF THE HIGH-LEVEL USG INTEREST IN FOLLOWING THROUGH ON THE POSITIVE COMMENTS OF FINMIN WOLDE-SEMIAT.
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